


CITY COUNCIL
CITY AND COUNTY OF HONOLULU
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July 19, 2019

MEMORANDUM

TO: ROY KAMIKAWA, CHAIR
OAHU REAL PROPERTY TAX ADVISORY COMMISSION

FROM: COUNCILMEMBER JOEY MANAHAN 
CHAIR OF COMMITTEE ON BUDGET

SUBJECT: **Request to include Bill 30 (2019) and Bill 33 (2019) on the Oahu Real Property Tax Advisory Commission Agenda**

I respectfully request that the Oahu Real Property Tax Advisory Commission include Bill 30 (2019) relating to providing a real property exemption for properties connected to and utilizing a cold seawater-based district cooling system for air conditioning purposes and Bill 33 (2019) relating to the real property tax exemption for homes as additional items to consider as you review the City's real property tax system.

I would also like to request that the commission considers Mayor Caldwell's veto message on Bill 3 (2019) relating to the increase of the real property tax home exemption for certain individuals, which the Council overrode and passed as Ordinance 19-7 when the commission reviews the new City's property tax exemptions. Attached for your reference a copy of Mayor Caldwell's veto message.

I believe that the commission can best decide and make recommendations to the Council on the most equitable and efficient way for all the people in the City and County of Honolulu as the commission systematically reviews the City's real property tax system's classes, exemptions, credits, and minimum property tax.

Please contact me at x85007 should you have any questions.

Thank you for your consideration.

COUNCIL COM. 248

19 JUL 23 PM 1:13 CITY CLERK

**OFFICE OF THE MAYOR
CITY AND COUNTY OF HONOLULU**

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KIRK CALDWELL
MAYOR

ROY K. AMEMIYA, JR.
MANAGING DIRECTOR

GEORGETTE T. DEEMER
DEPUTY MANAGING DIRECTOR

May 3, 2019

The Honorable Ann H. Kobayashi
Interim Chair and Presiding Officer
and Members
Honolulu City Council
530 South King Street, Room 202
Honolulu, Hawaii 96813

Dear Interim Chair Kobayashi and Councilmembers:

SUBJECT: Veto of Bill 3 (2019) – Relating to Real Property Tax Exemptions

I am returning, with my veto, Bill 3 (2019), Relating to Real Property Tax Exemptions ("Bill 3").

Bill 3 provides an increase for basic and multiple home real property tax exemptions to proposed amounts of \$100,000 and \$140,000 respectively. As consistently opposed by the Department of Budget and Fiscal Services, the proposed exemption would result in an overall \$10.3 million real property tax revenue loss and may impair the City's ability to fulfill its ERS and other financial obligations.

The increased exemptions are broad and do not target residents who would most benefit from a real property tax exemption. Due to the impact of the proposed increase in the exemption on city funds, and thus on the city's ability to provide core services to all residents, more work needs to be done to ensure that the exemptions are cost effective.

I urge the Council to consider the reestablishment of the Oahu Real Property Tax Advisory Commission, pursuant to Resolution 11-143, FD1, in which a knowledgeable panel can best determine and make recommendations to the Council on this matter. For example, the commission may find that the exemption should only apply to seniors on fixed incomes, or that a combination of the real property tax exemption with the existing circuit breaker would most benefit those below certain income levels.

In addition, given that the exemption would not take effect until July 2020, it is prudent to wait to determine the status of revenue generating bills and their impact on the budget, in order to confidently determine whether the city can afford the exemptions.

MAYOR'S MESSAGE 48

19MAY 3 PM 4:06 CITY CLERK

The Honorable Ann H. Kobayashi
Interim Chair and Presiding Officer
and Members
May 3, 2019
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The administration will work with the Council for more targeted and focused legislation that enables the Council and the administration to make a responsible decision on real property tax exemptions.

For the above reasons, I am returning Bill 3 (2019) with my veto, and I urge you to sustain it.

Sincerely,

A handwritten signature in black ink, appearing to read "Kirk Caldwell", written over a horizontal line.

Kirk Caldwell
Mayor